

CASE

NUMBER:

99-362

IN THE MATTER OF THE ALTERNATIVE RATE FILING OF CAWOOD WATER
DISTRICT

SEQ NBR	ENTRY DATE	REMARKS
0001	09/03/1999	Application.
0002	09/07/1999	Acknowledgement letter.
M0001	09/16/1999	RUTH CORNETT CITIZEN-LETTER OF CONCERN TO RATE INCREASE
M0002	09/20/1999	DEBBIE MCCALLON CITIZEN-LETTER & PETITION OF CONCERN TO RATE INCREASE
0003	09/21/1999	Def. letter, info due 10/6
M0004	09/24/1999	FRANK ROBINETTE CITIZEN-LETTER OF CONCERN TO RATE INCREASE
M0003	09/27/1999	JAMES A. DANIELS/CITIZEN-PROTEST PROPOSED RATE INCREASE
M0005	10/01/1999	LANA PACE CAWOOD WATER DISTRICT-RESPONSE TO FILING DEF
M0006	10/20/1999	DAVID SPENARD / AG-MOTION TO INTERVENE
0004	10/29/1999	Def. cured letter
0005	11/02/1999	Order granting Attorney General intervention
M0007	12/01/1999	DEBBIE MCCALLA CITIZEN-LETTER OF CONCERN TO RATE INCREASE
0006	12/21/1999	Acknowledgment letter to Debbie McCalla re: concern about rate increase.
0007	01/11/2000	Order issuing Staff Report; comments or request for hearing due 1/21
0008	02/21/2000	FINAL ORDER APPROVING RATES



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
211 SOWER BOULEVARD
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-362
CAWOOD WATER DISTRICT

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on February 21, 2000.

Parties of Record:

Lana Pace
Secretary
Cawood Water District
54 Plant Road
P. O. Box 429
Cawood, KY. 40815

Hon. A.B. Chandler
Attorney General
Hon. David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY. 40601 8204

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CAWOOD WATER)
DISTRICT FOR AN ADJUSTMENT OF RATES) CASE NO.
PURSUANT TO THE ALTERNATIVE RATE) 99-362
FILING PROCEDURE FOR SMALL UTILITIES)

ORDER

On October 1, 1999, Cawood Water District ("Cawood") filed an application for Commission approval of proposed rates. The proposed rates for water service would generate additional annual revenues of \$30,191, an increase of 11.28 percent above normalized operating revenues.

By Order dated January 11, 2000, the Commission issued a Staff Report that was prepared upon review of Cawood's test-year operations. Staff's report recommended that Cawood's requested increase be granted. The Order granted 10 days to file written comments regarding the Staff Report or requests for a hearing or informal conference. No such comments or requests were made.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and should be adopted as the findings of the Commission.
2. The rates in Appendix A will produce annual revenue from water sales of \$297,944.

IT IS THEREFORE ORDERED that:

1. The findings contained in the Staff Report are adopted and incorporated by reference into this Order as if fully set out herein.
2. The rates in Appendix A are approved for service rendered by Cawood on and after the date of this Order.
3. Within 30 days of the date of this Order, Cawood shall file with the Commission its revised tariff setting out the rates approved herein.
4. Three years from the date of this Order Cawood shall file an income statement, along with any pro forma adjustments, in sufficient detail to demonstrate that the rates approved herein are sufficient to meet its operating expenses and annual debt service requirements.

Done at Frankfort, Kentucky, this 21st day of February, 2000.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 99-362 DATED FEBRUARY 21, 2000

The following rates and charges are prescribed for the customers in the area served by Cawood Water District. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

First	2,000 gallons	\$16.45	Minimum bill
Next	8,000 gallons	5.54	per 1,000 gallons
Over	10,000 gallons	3.94	per 1,000 gallons



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

January 11, 2000

Lana Pace
Secretary
Cawood Water District
54 Plant Road
P. O. Box 429
Cawood, KY. 40815

Hon. A.B. Chandler
Attorney General
Hon. David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY. 40601 8204

RE: Case No. 1999-362

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

Stephanie D. Bell
Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CAWOOD WATER)
DISTRICT FOR A RATE ADJUSTMENT PURSUANT) CASE NO.
TO THE ALTERNATIVE RATE FILING PROCEDURE) 99-362
FOR SMALL UTILITIES)

ORDER

On October 1, 1999, Cawood Water District ("Cawood") filed its application for Commission approval of proposed water rates. Commission Staff, having performed a limited financial review of Cawood's operations, has prepared the attached Staff Report containing Staff's findings and recommendations regarding the proposed rates. All parties should review the report carefully and provide any written comments or requests for a hearing or informal conference no later than 10 days from the date of this Order.

IT IS THEREFORE ORDERED that all parties shall have no more than 10 days from the date of this Order to provide written comments regarding the attached Staff Report or requests for hearing or informal conference. If no request for a hearing or informal conference is received, this case will be submitted to the Commission for a decision.

Done at Frankfort, Kentucky, this 11th day of January, 2000.

ATTEST:

By the Commission


Executive Director

STAFF REPORT
ON
CAWOOD WATER DISTRICT
CASE NO. 99-362

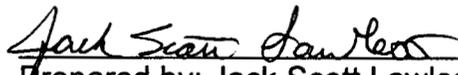
Pursuant to a request by Cawood Water District ("Cawood") for assistance with the preparation of a rate application, Commission Staff ("Staff") performed a limited financial review of Cawood's test year operations, the calendar year ending December 31, 1998. The scope of Staff's review was limited to obtaining information as to whether the test period operating revenues and expenses were representative of normal operations. Insignificant or immaterial discrepancies were not pursued and are not addressed herein.

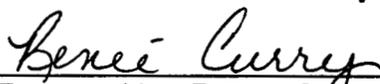
Upon completion of the review, Staff assisted Cawood in the development and preparation of a rate application. The application included an adjusted pro forma operating income statement wherein adjustments were made to test year operating revenues and expenses that were known and measurable and deemed to be reasonable. The rates proposed by Cawood were based on the pro forma income statement as shown in Attachment A of the application. Attachment A also includes the calculation of Cawood's revenue requirement using a 120 percent debt service coverage. The coverage requirement is \$102,995. The proposed rates produce income available to service the debt of (\$633); however, by adding back depreciation, a non-cash expense, income available to service debt at the proposed rates increases to \$102,195 which is \$800 less than the coverage requirement. The proposed rates should

therefore provide adequate revenue for Cawood to meet its cash revenue requirements. The proposed rates are shown in the application on Sheet 7 of Attachment B.

On October 1, 1999, Cawood filed its rate application to the Commission for consideration. Staff is hereby adopting the contents of that application as its recommendation in this report as if fully set out herein. Renee Curry is responsible for all revenue adjustments and calculation of the proposed rates. Scott Lawless is responsible for the determination of the revenue requirement. Based on the information included in Cawood's application, Staff is of the opinion that the rates proposed by Cawood, as shown in Attachment A of this report, are reasonable and should be approved by this Commission.

Signatures


Prepared by: Jack Scott Lawless, CPA
Financial Analyst, Water and Sewer
Revenue Requirements Branch
Division of Financial Analysis


Prepared by: Renee Curry
Rate Analyst, Communications, Water,
and Sewer Rate Design Branch
Division of Financial Analysis

ATTACHMENT A
STAFF REPORT CASE NO. 99-362
STAFF'S RECOMMENDED RATES

Monthly Water Rates

First 2,000 gallons	\$16.45	Minimum bill
Next 8,000 gallons	5.54	per 1,000 gallons
Over 10,000 gallons	3.94	per 1,000 gallons



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
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Fax (502) 564-1582

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

December 21, 1999

Ms. Debbie McCalla
91 Mildred St.
Cawood, KY 40815

Re: Case Number 99-362
Cawood Water District

Dear Ms. McCalla:

The Commission has received your letter dated December 1, 1999 concerning the above case. Your letter will be placed in the main case file. The Commission will analyze this case and give careful consideration to proposed rate reductions before rendering its decision.

Please be advised that the Attorney General represents residential rate payers. You may wish to contact the Attorney General's office at 502-696-5300 and request that his office represent you in this matter.

Thank you for your interest and concern in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary to the Commission

SB/lc



99-362

FILE
COPY

CAWOOD WATER DISTRICT
P.O. BOX 429
CAWOOD, KY 40815
PHONE: (606) 573-3744

July 29, 1999

Mr. Jack Scott Lawless, CPA
Financial Analyst
Kentucky Public Service Commission
P.O. Box 615
Frankfort, Kentucky 40602

RECEIVED
DEC 01 1999
PUBLIC SERVICE
COMMISSION

RE: Rate Increase

Dear Mr. Lawless:

At its July monthly meeting, the Cawood Water District Board of Commissioners reviewed the material you sent us via letter dated June 17, 1999 regarding our rates. The Board of Commissioners voted per option 4 in your letter to request the Public Service Commission's assistance in preparing a Rate Adjustment application which would amend the rates to the following:

First 2,000 Gallons	\$15.50 (minimum bill)
Next 8,000 Gallons	5.75 per 1,000 Gallons
Over 10,000 Gallons	4.80 per 1,000 Gallons

While these rates will not generate as much revenue as the proposed rates shown in the original application you proposed, the District feels they will generate enough revenue to comfortably operate the system, service our debt and cover an appropriate portion of the depreciation. They will be sufficient to meet the Commission's "Minimum Financial standard".

Less: Other Water Revenue	(10,303.00)	
Interest Income	(3,975.00)	
Revenue from Rates	<u>(297,944.00)</u>	
Total Revenue to Meet MFS		<u>(312,222.00)</u>
MFS Deficit		<u>\$800.00</u>

While Staff believes that the Commission would approve rates that generate revenue below the MFS in this situation because the deficit is minimal, Staff is of the opinion that such rates should be cost based.

In recent years, the Commission has made increasing efforts to establish rates for water districts that are actually cost based. Thus, each customer or class is actually paying his fair share of the cost of providing water service. When rates are not based upon actual costs, one class of customer often ends up subsidizing another. To ensure that rates are fair and equitable, a cost of service study should be performed.

After receiving your letter with proposed rates, Staff performed another cost of service study to generate revenues of \$297,944. The cost of service study produced the following rates:

First 2,000 Gallons	\$16.45 (Minimum Bill)
Next 8,000 Gallons	5.54 per 1,000 Gallons
Over 10,000 Gallons	3.94 per 1,000 Gallons

Based upon the cost of service study, it costs the District \$5.25 just to service each customers. This does not include any water usage. The cost of 2,000 gallons of water is \$11.20. Therefore, the minimum bill for the first 2,000 gallons should be \$16.45. Charging less than this in the first usage block will cause customers whose usage is greater than 2,000 gallons to be charged higher rates. These rates would be unfair because this group of customers would be subsidizing another group.

For Cawood
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Cawood Water District
(Name of Utility)

CANCELING P.S.C. KY. NO. _____

_____ SHEET NO. _____

CLASSIFICATION OF SERVICE

RATE
PER UNIT

Metered Charges

A. Minimum Water Rate. The minimum water bill shall be \$22.70 per month, and each customer shall be entitled to 2,000 gallons (or less) of water in each month for such minimum charge.

B. Metered Rates for Water Usage in Addition to Minimum Charge. Subject to the minimum monthly rate specified above, the following metered charges shall be made for each 1,000 gallons of water consumption per month to customers of all size connections:

Monthly Water Rates

First 2,000 gallons	\$22.70 Minimum Bill	(l)
Next 8,000 gallons	7.28 per 1,000 gallons	(l)
Over 10,000 gallons	5.10 per 1,000 gallons	(l)

11/27/99

Dear Mr. Spanard,

I found the original papers that the water district passed out the night of the meeting.

They seemed to me they was incriminating the rate increase was from Frankfort. When actually it was from Cowood.

Mr Spanard if you need to contact me. Call me at 11:00AM. I work second shift.

Do you all have a 800 number?

Thank You
Debbie McCalla
91 Mildred St.
Cowood, Ky 40815
606-573-9949



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
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(502) 564-3940
Fax (502) 564-3460

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

November 8, 1999

Ms. Debbie McCalla
91 Mildred St.
Cawood, KY 40815

Re: Case No. 99-362
Cawood Water District

Dear Ms. McCalla:

The Commission has received your letter dated September 20 concerning the above case. Your letter is being treated as an official protest and will be placed in the case file. The Commission will carefully analyze this case before rendering its decision. Be advised that the effect of the rate increase cannot yet be determined as the increase originally proposed by Cawood Water District is not necessarily what may be ordered in the Commission's final decision.

Please be advised that the Attorney General represents residential rate payers. You may contact the Attorney General's office at 502-696-5300 and request that his office represent you in this matter.

Thank you for your interest and concern in this matter.

Sincerely,

A handwritten signature in black ink that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

lc
Enclosure



AN EQUAL OPPORTUNITY EMPLOYER M/F/D



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KENTUCKY 40602
www.psc.state.ky.us
(502) 564-3940
Fax (502) 564-1582

Ronald B. McCloud, Secretary
Public Protection and
Regulation Cabinet

Helen Helton
Executive Director
Public Service Commission

Paul E. Patton
Governor

November 5, 1999

Ms. Ruth Cornett
235 Highway 990
Coalgood, KY 40810

Re: Case Number 99-362

Dear Ms. Cornett:

The Commission has received your letter dated September 16, 1999 concerning the above case. Your letter will be placed in the main case file. The Commission will analyze this case and give careful consideration to proposed rate reductions before rendering its decision.

Please be advised that the Attorney General represents residential rate payers. You may wish to contact the Attorney General's office at 502-696-5300 and request that his office represent you in this matter.

Thank you for your interest and concern in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary to the Commission

SB/lc



AN EQUAL OPPORTUNITY EMPLOYER M/F/D



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

November 2, 1999

Lana Pace
Secretary
Cawood Water District
54 Plant Road
P. O. Box 429
Cawood, KY. 40815

Hon. A.B. Chandler
Attorney General
Hon. David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY. 40601 8204

RE: Case No. 99-362

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF CAWOOD WATER)
DISTRICT FOR AN ADJUSTMENT OF RATES) CASE NO.
PURSUANT TO THE ALTERNATIVE RATE) 99-362
FILING PROCEDURE FOR SMALL UTILITIES)

O R D E R

This matter arising upon the motion of the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("Attorney General"), filed October 20, 1999, pursuant to KRS 367.150(8), for full intervention, such intervention being authorized by statute, and this Commission being otherwise sufficiently advised,

IT IS HEREBY ORDERED that the motion is granted, and the Attorney General is hereby made a party to these proceedings.

Done at Frankfort, Kentucky, this 2nd day of November, 1999.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

October 29, 1999

Lana Pace
Secretary
Cawood Water District
54 Plant Road
P. O. Box 429
Cawood, KY. 40815

RE: Case No. 99-362
CAWOOD WATER DISTRICT

The Commission staff has reviewed your response of October 1, 1999 and has determined that your application in the above case now meets the minimum filing requirements set by our regulations. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further information, please contact my staff at 502/564-3940.

Sincerely,

Stephanie J. Bell
Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

September 2, 1999

CAWOOD WATER DISTRICT
P. O. Box 429
Cawood, KY 40815

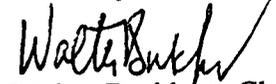
Public Service Litigation Branch
Office of the Attorney General
P. O. Box 2000
Frankfort, Kentucky 40602-2000

Dear Sir:

Enclosed is a copy of a rate adjustment application form filed by us today with the Executive Director of the Public Service Commission.

If there are any further actions needed please let us know.

Sincerely,


Walter Burkhardt, Chairman
CAWOOD WATER DISTRICT

Enc.

FILED
OCT 01 1999
PUBLIC SERVICE
COMMISSION

RECEIVED
SEP 03 1999
PUBLIC SERVICE
COMMISSION

CASE 99-362

Commonwealth of Kentucky
Before the Public Service Commission

RECEIVED

OCT 20 1999

PUBLIC SERVICE
COMMISSION

In the Matter of:)
THE ALTERNATIVE RATE FILING) Case No. 99-362
OF CAWOOD WATER DISTRICT)

MOTION TO INTERVENE

Comes now the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, pursuant to KRS 367.150(8), and moves to intervene in the above-styled proceeding. The Attorney General requests that he be permitted to intervene as a party to the fullest extent permitted by law in order to execute his statutory duties pursuant to KRS 367.150(8).

Respectfully submitted,

A. B. CHANDLER III
ATTORNEY GENERAL

David Edward Spenard
David Edward Spenard
Assistant Attorney General
1024 Capital Center Drive
Frankfort, KY 40601-8204
502.696.5457

Certificate of Service and Filing

Counsel certifies that an original and ten photocopies of this Motion to Intervene were served and filed by hand delivery to the Hon. Helen C. Helton, Executive Director, Public Service Commission 730 Schenkel Lane, Frankfort, Kentucky 40601; furthermore, it was served by mailing a true and correct copy of the same, first class postage prepaid, to Walter Burkhardt, Cawood Water District, P.O. Box 429, Cawood, KY 40815, all on this 20th day of October, 1999.

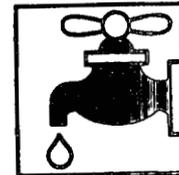
David Edwin Spensh
Assistant Attorney General

99-285_mo1

CAWOOD WATER DISTRICT

P.O. BOX 429
CAWOOD, KENTUCKY 40815

PHONE
606/573-3744



RECEIVED
OCT 01 1999
PUBLIC SERVICE
COMMISSION

September 30, 1999

Stephanie Bell, Secretary of the Commission
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 40602

Dear Ms. Bell:

In reply to your letter concerning filing deficiencies in Case No. 99-362, the notice of proposed rate increase was mailed individually to each customer on September 1, 1999 along with their monthly water bill.

If there is any further information needed please let us know.

Sincerely,


Lana Pace, Secy to Board
Cawood Water District

James A. Daniels
P.O. Box 247
Cawood KY, 40815

Sept. 17, 1999

99-362

RECEIVED
SEP 27 1999
PUBLIC SERVICE
COMMISSION

Executive Director
Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, KY 408602

Subj: Application for rate adjustment
Cawood Water District

I respectfully request that the proposed rate increase for the Cawood Water District be denied for the following reasons.

Cawood Water District is currently in the process of expanding services to other customers. This means the test year they used on the applications doesn't adequately show the future revenue and expenses.

The current rates are excessive. The customers of the water district are charged one of the highest rates in this part of the region. An increase to the existing rate will place hardship on many of the customers. Many of the customers of this district are on fixed income and can't afford this rate increase.

There is the possibility of some of the customers electing to switch back to alternate water source (water wells). If a number of customers use their well water, this would mean even higher rates for the remaining customers.

The people of Cawood believed that this water District would provide them a save and affordable water supply. At first we were extremely disappointed with the high rates. We were angered when the applications for even higher rates were proposed.

An example would be my water bill. Our family has five members. We currently use from 7,000 to 9,000 gallons of water monthly. Our bill ranges for 50.00 to 60.00 a month. This is enough. If our System cannot manage with this high rate, then we are in trouble.

Please consider carefully the application and determine if it would be possible to deny their request or possibly require the District to submit another request using a later test year.

Thank You,

Sincerely,

James A. Daniels

Executive Director
Public Service Commission
730 Schenkel Lane
PO Box 615
Frankfort, Kentucky 40602

RECEIVED
SEP 24 1999
PUBLIC SERVICE
COMMISSION

Dear Sir/Madam:

I am a customer of the Coward Water District at 54 Plant Road, Coward, Kentucky 40602. I wish to protest the proposed rate increase applied for by the Coward Water District of Coward, Kentucky. This system is rather new and should not require very much maintenance.

When this system was conceived, they surveyed the potential number of customers available which was 1000 plus potential customers. They needed 600 paid customers to start the project. They achieved the 600 paid customers and installed the water district.

I think it would be more sensible to recruit other potential customers along this water district rather than ask the present customers to pay an increase in price. Many of the potential customers did not take the water because the price was too high for their budget. This increase will have an adverse effect on the remaining potential customers who might subscribe to the water system.

The majority of the people on the Cawood water district are retired. Many are old and disabled and on a fixed income. While the increase is not a lot of money, for one on a fixed income it could mean being able to buy three or four loaves of bread a month.

For comparison, the Kalamazoo water system has a rate of \$9.95 for 2000 gallons. The Cawood Water district has a rate of \$13.95 for 2000 gallons. The Cawood water system's rate per 1000 gallons after 2000 gallon base rate is more than twice the rate of the Kalamazoo water system.

I feel the Cawood Water System should tighten their belts, operate more efficiently, and recruit new customers.

Sincerely yours,
Frank Robinette

9/21/99

99-362

Dear Executive Director,

I'm writing to you to ask you not to raise our water rates. I have 216 signatures against the increase.

If I could've reached the 762 Customers, I'm sure with the response that I did get at least 90% would have signed.

We live in a rural area where our incomes are limited.

We feel that we pay a fair rate for our water.

We ask you not to raise our water bills to this extreme. And by the way what ever happened to 25 to 50 cent increases.

Thank You,
Debbie McClallo
91 Mildred St.
Cawood, Ky 40815

RECEIVED
SEP 20 1999
PUBLIC SERVICE
COMMISSION

RM

We, The undersigned Disagree with the
raise hike NAME on the water We urge the board
Commissioners to vote NO on this issue.
ADDRESS

1. Debbie McCalla 91 Middle St. Cawood, Ky.

2. Pam Clem Clem Ct Cawood Ky

3. BO Clem Clem Ct Cawood, Ky

4. Eula Brays P.O. Box 184 Cawood, Ky

5. Harry Greene P.O. Box 413 Cawood, Ky

6. Patsy Lee P.O. Box 165 Cawood, Ky

7. Michele Lee P.O. Box 165 Cawood, Ky

8. Virginia Baker P.O. Box 34 Cawood, Ky

9. Joe Bill Gentry P.O. Box 85 Cawood, Ky

10. Milledge Abbott P.O. Box 542 Cawood, Ky

11. Patsy Johnson P.O. Box 673 Cawood, Ky

12. Jerry Johnson Cawood, Ky.

13. James C. Bolton Cawood, Ky.

14. Edna Bolton Cawood, Ky.

15. Louise Bruce Cawood Ky

16. Marilgw Farmer Cawood Ky

17. Opal Earls Cawood Ky

18. Nellie Davis Cawood, Ky

573-
3109

NAME

ADDRESS

19. Elizabeth Howard
20. Helen Bennett P.O. Box 259 Cawood Ky
21. Allen Bennett Same
22. Jessie Linnington 14 Hal St. Cawood
23. Bert Jordan 34 Hal St.
24. Millie Louise Jordan 39 Hal St.
25. Melba Prideman 62 Hal St.
26. Betty Barrett 27 Hal St.
27. Eva Burk Hart
28. Tracy Madison 75 Hal St.
29. Terry Madison 75 Hal St.
30. E Barep (agist raise) 174 Hal St.
31. Marino Owens 137 Hal St.
32. Juanita Densley 151 Hal St
33. Teresa L. Clem 151 Hal St
34. Sandra Mailing Hal St.
35. Edwina Raley 24 BARIST.
36. Pansy Maiden

We. The undersigned Disagree with the raise
hike on the water. We urge the board
Commissioners to vote No on this issue.

NAME

ADDRESS

37. Lanny W Gralls BX 302 Cawood Ky 40815
38. Liz E Kinser Box 576 Cawood Ky 40815
39. Johnny W Kinser Box 576 Cawood Ky 40815
40. Carla H. Bargo Box 504 Cawood, Ky 40815
41. Charles Bryant Box 299 Cawood Ky 40815
42. Iola Million 80 Nola Cawood Ky 40815
43. Iruin Stanton 98 NOLA St Cawood 40815
44. Julie Hoady 51 NOLA Back Ln. Cawood Ky 40815
45. Lisa M Shepard 286 Nola St Cawood Ky 40815
46. Thelma Middleton 96 Nola St Cawood, Ky 40815
47. Deena Sawellan 156 nola st.
48. Labille Haynes = 156 nola
49. GROVER Fields 157 NOLA ST.
50. Sandy Short Fields 157 Nola St.
51. Edna Perkins 142 nola st
52. Linda K. Clem P.O. Box 228 Cawood Ky 40815
53. Billy Joe Clem P.O. Box 228 Cawood Ky 40815
54. James Skidmore P.O. Box 228 Cawood Ky 40815

NAMEADDRESS

55. Georgia Shackelford, P.O. Box 296 Cawood Ky
56. Billy Joe Clem gr. P.O. Box 501 Cawood Ky.
57. David Tomney, Box 63 Cawood, Ky.
58. Ron Clem 1038 HWY 991 CAWOOD KY
59. Missy Caldwell P.O. Box 296 Cawood Ky
60. Linda Cassity Cawood Ky 40815
61. Emma Mitchell Cawood Ky. 40815
62. William Tandy Cawood Ky. 40815
63. Jim Ruffy Cawood Ky 40815
64. Cassandra Bruce Cawood Ky 40815
65. John Allen Qualls P.O. Box 12 Cawood Ky 40815
66. Curtis Hall Cawood Ky
67. Gayle Daniels Cawood Ky
68. Bessie Earls Cawood, Ky
69. Tim Perkins Cawood Ky
70. Kim Haynes Cawood, Ky.
71. Don Haynes Cawood, Ky.
72. Danny Foust Cawood, Ky.

NAME

ADDRESS

- 73. George H. Mader P.O. Box 416
- 74. Nellie Roe 1137 Cawood, Ky
- 75. Pam Middleton 48 Anderson St. Harlan, Ky
- 76. Laura Farmer Cawood, Ky.
- 77. Eula McHargue 364 Hwy 1137
Cawood Ky
- 78. Claude McHargue 364 Hwy 1137
Cawood Ky
- 79. Theo McHargue 364 Hwy 1137
Cawood KY
- 80. Paul Helton 384 Hwy 1137
Cawood Ky
- 81. Sherry Helton Cawood, Ky 40815
- 82. Royal Bargo Sr. Cawood
- 83. Clifford Shown Bargo Cawood
- 84. Clark Bargo Cawood Hill
- 85. James McQuinn
- 86. Tony Cady Pox 636 Cawood
- 87. Janice Gruber
- 88. Vicki Mitchell Box 277
Cawood Ky 40815
- 89. Charles Mitchell " " " "
- 90. Sarah Osborne

We the undersigned Disagree with the raise hike on the water. We urge the board to vote No on this issue

NAME

ADDRESS

91. Paul Childers P.O. box 692 Cawood Ky 40815
92. Judie Clem P.O. Box 84 Cawood KY 40815
93. Clark Barge 174 Hal St Cawood Ky 40815
94. Chester Bennett Jr. P.O. Box 352 Cawood Ky 40815
95. Billy Brown Cawood KY
96. wally Bruce Cawood KY
97. BARB Bruce Cawood KY
98. Ann, dolly Cawood KY
99. Louie Bruce Cawood KY
100. James G Grubbs
101. Tommy Hutton Cawood, Kentucky
102. Parrel Smith Cawood, Ky
103. Linda Smith Cawood KY
104. Roland Shepherd Cawood ky
105. James Swin Cawood KY
106. Reilma Burkport Cawood, Ky.
107. Christene Hensley Cawood KY
108. Cathy Clem Cawood Ky

Wx The undersigned Disagree with the raise hike on the water. We urge the board Commissioners to vote No on this issue. NAME ADDRESS

109. Kathy Baumgardner Box 97 Cawood
110. Casta Osborn Box 653 Cawood
111. Christie Osler " "
112. Randy Shurtz Box 155 Cawood KY
113. Alicia Heere Box 486 Cawood Ky.
114. Anthony Middleton P.O. Box 9 Cawood Ky.
115. Wayne Middleton P.O. Box 361 Cawood Ky
116. Merrell Middleton P.O. Box 361 Cawood Ky
117. Ruth Middleton P.O. Box 361 Cawood
118. Benny Johnson Box 182 Marysville Ky
119. Scott Middleton 133 Chevrolet CAMP
120. Larry Helton 181 Mildred St. Cawood, Ky 40815
121. Theodore Helton " " " "
122. Janice Stringer PO Box 457 Cawood
123. Ronald C. Stringer PO Box 457 Cawood
124. Walter Wilder P.O. Box 270 CAWOOD
125. Judd Wilder " " " "
126. John Grubbs " " " "

We The undersigned Disagree with the raise hike on the water. We urge the Board to vote No on this issue.

NAME

ADDRESS

127. Jolly Gilm Cawood Ky 40815
128. Archie Perkins Cawood Ky
129. Brandon HAINES Cawood Ky 40815
130. Judy Langford Cawood Ky 40815
131. Wanda Noe Cawood Ky 40815
132. Helen Bumgardner Cawood Ky 40815
133. Lige Qualls Cawood Ky 40815
134. Paul Lewis Cawood, Ky. 40815
135. Linda Joens Cawood Ky. 40815
136. Melissa Hickey 3331 West Nurdy 72
Harlan Ky 40831 573-9470
137. Katrina Burkhardt Cawood Ky
138. Alexa Spaulding Cawood
139. Ann Fields Cawood 40815
140. Lea King Cawood 40815
141. Donna Lambert Cawood
142. Charles Lambert Cawood
143. Dennis Daniel Cawood
144. Paula Daniels Cawood
144. Vicki Owens Cawood, Ky 40815
145. Metissa Rowe Cawood Ky 40815
146. Stanley Fee Cawood Ky 40815

Kenneth Dean 147.

Mr + Mrs James Patten 148.

Shawn Allen 149.

Jesse Gibson 150.

Carl Darby 151.

Tony Irvin 152.

Sue Noe 153.

Sue Noe

Harold Noe 154.

Brenda Noe 155.

Jack Noe 156.

BARB BRUCE 157.

WALTER BRUCE 158.

Kenneth Noe 159.

We The undersigned disagree with the raise hike on the water. We urge the Board to vote No on this issue.

NAME

ADDRESS

160. Delois Starnes Cawood, Ky
161. Shannon Saylor Cawood, Ky.
162. Patricia Brees Cawood, Ky,
163. Priscilla Carter Cawood, Ky
164. Abe Bailey Jr. Gulston, Ky
165. Andy Brewer Cawood, Ky
166. Linda Brewer Cawood Ky
167. Steven Engle Cawood KY
168. Mary Blanton Elcomb, Ky
169. Donna Noe Cawood, Ky
170. Grant Noe Jr Cawood, Ky
171. Wilma Burke Cawood Ky
172. Jersey Middleton Cawood KY
173. Wendell Todd Middleton Cawood KY
174. Harold Fee Gulston, Ky.
175. Anna Perkins Cawood, Ky.
176. Lester Perkins Cawood, Ky.
177. Laura Shepherd Harla, Ky

The undersigned Disagree with the Water increase. We urge the Board Commissioners to Vote No on this NAME issue. ADDRESS

- 178. Lisa Q. Seals P.O. Box 521 Cawood Ky 40815
- 179. ~~Debra B. Bunting~~ P.O. Box 304 Cawood Ky 40815
- 180. Stella Langford P.O. Box 45 Cawood Ky 40815
- 181. Anna Gross P.O. Box 636 Cawood, Ky 40815
- 182. Jacy Bright P.O. Box 97 Cawood Ky 40815
- 183. Crystal Franks P.O. Box 464 Cawood, Ky 40815
- 184. Kathy Shephard Po Box 196 Cawood, Ky 40815
- 185. Carl Hubber ⁶⁶³ Nolan St. Cawood, Ky 40815
- 186. Rosie Smith P.O. Box 132 Cawood, Ky 40815
- 187. George Duggs Po Box 342 Cawood Ky 40815
- 188. Jeff Green Cawood Ky Aer Delv 40815
- 189. Barb Green Cawood Ky Aer Delv 40815
- 190. Wayne Green Cawood Ky " " 40815
- 191. Frankie Brooks Cawood Ky po 34 40815
- 192. Daniel " " " "
- 193. Renee Wilder Cawood Ky P.O. Box 582
- 194. Tara Grubbs P.O. Box 666 Cawood, Ky 40815
- 195. James Stevens ^{Cawood} P.O. Box 183 Ky 40815

NAMEADDRESS

196. Deather Stevens P.O. Box 183
Cawood, Ky 40815
197. Carl Eldridge 11474 Hwy 921 Cawood
" " " "
198. Flora Eldridge Same as Above
199. Alfred E. Jeffers Po Box 356 Cawood Ky.
200. Carmen Bright P.O. Box 506 Cawood Ky.
201. Johnny Pennington "
202. Jerry Osborne P.O. 162 Cawood KX
203. Agnes Middleton P.O. Box 642 Cawood, Ky
204. Ally Middleton III " " " "
205. Wm Smith 549 Hwy 987 Cawood Ky
206. Brandon Haynes P.O. Box 546 Cawood Ky 40815
207. Robert Smith P.O. Box 8577 Cawood Ky. 40815
208. BETHEL STEWART P.O. 686 Cawood KX 40815
209. Ricky Haynes PO BOX 571 Cawood KY 40815
210. EARL DRAW Gen Del. Cawood Ky 40815
211. Ruth Hensley P.O. Box 244 Cawood Ky.
212. Junior Hensley PO Box 244 Cawood Ky.
213. Elsie Osborne 206 HIGH WY 1137 Cawood KY
214. Gloria Denny Doy
215. Arthur I Ball
216. Charles Brewer

Harlan City (

By MONA SANDEFUR

News Editor

Harlan City Council members approved a water rate increase on Monday to be implemented during the August billing cycle, according to Mayor Danny Howard.

Under the rate hike, customers will see an increase from the current \$8.85 to \$9.95 for the first 2,000 gallons used. Additional increases for the next 8,000 gallons will be from \$2.15 to \$3.00 per 1,000 gallons; from \$1.68 to \$2.75 for the next 15,000 per 1,000 gallons used; from \$1.48 to \$2.40 for the next 75,000 gallons per 1,000 gallons and from \$1.32 to \$2.15 for amounts over 100,000 gallons per 1,000 gallons used.

Recommended by Harlan Municipal Water Works, board of commission members said the increase was neces-

99-362
to Lee
filed

49-362

RECEIVED Coalgood, Ky.
Sept. 12, 1999
SEP 16 1999
PUBLIC SERVICE
COMMISSION

Dear Sir,

I am writing about the
Proposed Rate Water Change
Proposed by Cawood Water
District Cawood, Ky. 40815.

I think that \$16.45
Minimum bill is too much.
I like to keep it the same,
because I am on a small income.
I need my money for food, rent,
light, heat, medical and Doctor.

Harrison Co. Water Rates are
lower than you proposed. I am
a widow and not much money.

Thank you

Ruth Council
235 Highway 990
Coalgood, Ky. 40818



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

September 7, 1999

Lana Pace
Secretary
Cawood Water District
54 Plant Road
P. O. Box 429
Cawood, KY. 40815

RE: Case No. 99-362
CAWOOD WATER DISTRICT
(Rates - ARF)

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received September 3, 1999 and has been assigned Case No. 99-362. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/jc

September 2, 1999

CAWOOD WATER DISTRICT
P. O. Box 429
Cawood, KY 40815

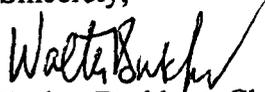
Public Service Litigation Branch
Office of the Attorney General
P. O. Box 2000
Frankfort, Kentucky 40602-2000

Dear Sir:

Enclosed is a copy of a rate adjustment application form filed by us today with the Executive Director of the Public Service Commission.

If there are any further actions needed please let us know.

Sincerely,



Walter Burkhardt, Chairman
CAWOOD WATER DISTRICT

Enc.

FILED
OCT 01 1999
PUBLIC SERVICE
COMMISSION

RECEIVED
SEP 03 1999
PUBLIC SERVICE
COMMISSION

CASE 99-362

NOTICE OF PROPOSED RATE CHANGE

The rates contained in this notice are the rates proposed by Cawood Water District. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, association, body politic or person may request leave to intervene by motion within thirty (30) days after notice of the proposed rate changes is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, 730 Schenkel Lane, P. O. Box 615, Frankfort, Kentucky 40602, and shall set forth the grounds for the motion, including the status and interest of the movant.

Copies of the application may be obtained at no charge from Cawood Water District at 54 Plant Road, Cawood, Kentucky. Upon request from an intervenor, the applicant shall furnish to the intervenor a copy of the application and supporting documents.

First 2,000 Gallons	\$16.45 (minimum bill)
Next 8,000 Gallons.....	\$ 5.54/1,000 Gallons
Over 10,000 Gallons.....	\$ 3.94/1,000 Gallons

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First 2,000 Gallons	\$16.45 (minimum bill)
Next 8,000 Gallons.....	\$ 5.54/1,000 Gallons
Over 10,000 Gallons.....	\$ 3.94/1,000 Gallons

II. Increased Cost Information

(1) The most recent Annual Report will be used as the basic test period data in order to determine the reasonableness of the proposed rates. The Annual Report used as the basis for this rate revision is the one filed with the Commission for the 12 months ending December 31, 1998.

a. If you have reason to believe some of the items of revenue and expense listed in the Annual Report will increase or decrease, please list each item, the expected increase or decrease and the adjusted amount.

<u>Item Per</u> <u>Annual Report</u>	<u>Amount Per</u> <u>Annual Report</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Adjusted</u> <u>Amount</u>
<u>Revenue</u>	\$ _____	\$ _____	\$ _____
Total Revenue	\$ _____	\$ _____	\$ _____

Expense

See Attachment A

Total Expense	\$ _____	\$ _____	\$ _____
Revenue Less Expense	\$ _____	\$ _____	\$ _____

- b. Please describe each item that you adjusted on page 2 and how you know it will change. (Please attach invoices, letters, contracts or receipts which will help in proving the change in cost).

See Attachment A

- c. Please list your present and proposed rates for each class (i.e., residential, commercial, etc.) of customer and the percentage of increase proposed for each class:

<u>Customer Class</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Percent Increase</u>
-----------------------	----------------------	-----------------------	-------------------------

Attachment B - Cost of Service Study used to determine proposed rates

Attachment B, Sheet 8 - Comparison of present and proposed rates

Attachment D - Proposed Tariff Sheet

III. Other Information

a. Please complete the following questions:

- 1) Please describe any events or occurrences which may have an effect on this rate review that should be brought to the Commission's attention (e.g., excessive line losses, major repairs, planned construction).

None

2) Total number of customers as of the date of filing: 762

3) Total amount of increased revenue requested: \$30,191

4) Please circle Yes or No:

- a) Does the utility have outstanding indebtedness?

Yes No

If yes, attach a copy of any documents such as promissory notes, bond resolutions, mortgage agreements, etc.

Amortization schedules are shown in Annual Reports.

- b) Were all revenues and expenses listed in the Annual Report for 1998 incurred and collected from January 1 to December 31 of that year?

Yes No

If no, list total revenue and total expense incurred prior to or subsequent to this period and attach invoices or other analysis which show how amounts were calculated.

- 5) Attach a copy of the utility's depreciation schedule of utility plant in service. Reconcile any differences between total depreciation shown on the Annual Report for 1998 and the amount shown on this schedule.
- 6) Depreciation schedule is shown in annual report.
If utility is a sewer utility:
- a) Attach a copy of the latest ^{N/A} State and Federal Income Tax Returns.
 - b) How much of the utility plant was recovered through the sale of lots or other contributions _____ \$ or %? (If unknown, state the reason.)

- b. Please state the reason or reasons why a rate adjustment is requested. (Attach additional pages if necessary).

The district's current rates are not sufficient to cover all operating expenses and service its debt requirements.

IV. Billing Analysis

The billing analysis is the chart reflecting the usage by the customers as well as the revenue generated by a specific level of rates. A billing analysis of both the current and proposed rates is mandatory for analysis of this rate filing. The following is a step-by-step description which may be used to complete the billing analysis. A completed sample of a billing analysis is also included. Although the sample reflects water usage, it is equally applicable for gas companies using a declining block rate design. This billing analysis is not intended for companies using a flat rate design.

a. Usage Table (Usage by Rate Increment)

Information needed to complete the usage table should be obtained from the meter books or other available usage records. The usage table is used to spread total usage into the proper incremental rate step.

Column No. 1 is the incremental steps in the present or proposed rate schedule for which the analysis is being made. Column No. 2 is the number of bills in each incremental rate step. Column No. 3 is the total gallons used in each incremental rate step. Column Nos. 4, 5, 6, 7, 8, and 9 are labeled to correspond to the incremental rate steps shown in Column No. 1 and contain the actual number of gallons used in each incremental rate step.

Example for completing Usage Table is as follows:

Column No. 1 is incremental rate steps.

Columns numbered 2 and 3 are completed by using information obtained from usage records.

Columns numbered 4, 5, 6, 7, 8, and 9 are completed by the following steps:

Step 1: 1st 2,000 gallons minimum bill rate level
432 Bills
518,400 gallons used
All bills use 2,000 gallons or less, therefore,
all usage is recorded in Column 4.

Step 2: Next 3,000 gallons rate level
1,735 Bills
4,858,000 gallons used
1st 2,000 minimum x 1,735 bills = 3,470,000
gallons - record in Column 4
Next 3,000 gallons - remainder of water over
2,000 = 1,388,000 - record in Column 5

Step 3: Next 10,000 gallons rate level
 1,830 Bills
 16,268,700 gallons used
 1st 2,000 minimum x 1,830 bills = 3,660,000
 gallons - record in Column 4
 Next 3,000 gallons x 1,830 bills = 5,490,000
 gallons - record in Column 5
 Next 10,000 gallons - remainder of water over 3,000
 = 7,118,700 gallons - record in Column 6

Step 4: Next 25,000 gallons rate level
 650 Bills
 15,275,000 gallons used
 1st 2,000 minimum x 650 bills = 1,300,000
 gallons - record in Column 4
 Next 3,000 gallons x 650 bills = 1,950,000
 gallons - record in Column 5
 Next 10,000 gallons x 650 bills = 6,500,000
 gallons - record in Column 6
 Next 25,000 gallons - remainder of water over 10,000
 = 5,525,000 gallons - record in Column 7

Step 5: Over 40,000 gallons rate level
 153 Bills
 9,975,600 gallons used
 1st 2,000 minimum x 153 bills = 306,000
 gallons - record in Column 4
 Next 3,000 gallons x 153 bills = 459,000
 gallons - record in Column 5
 Next 10,000 gallons x 153 bills = 1,530,000
 gallons - record in Column 6
 Next 25,000 gallons x 153 bills = 3,825,000
 gallons - record in Column 7
 Over 40,000 gallons - remainder of water over 25,000
 = 3,855,600 gallons - record in Column 8

Step 6: Total each column for transfer to Revenue Table.

b. Revenue Table (Revenue by Rate Increment)

Revenue Table is used to determine the revenue produced from the Usage Table. Column No. 1 is the incremental rate steps in the rate schedule for which the analysis is being made. Column No. 2 indicates the total number of bills. Column No. 3 is the number of gallons accumulated in each rate increment (Totals from Columns 4, 5, 6, 7, and 8 of the above usage table). Column No. 4 is the rates to be used in determining revenue. Column No. 5 contains revenue produced.

V. General Information/Customer Notice

1) Filing Requirements:

a. If the applicant is a corporation, a certified copy of its articles of incorporation must be attached to this application. If the articles and any amendments thereto have already been filed with the Commission in a prior proceeding, it will be sufficient to state that fact in the application and refer to the style and case number of the prior proceeding.

b. An original and 10 copies of the completed application should be sent to:

Executive Director
Kentucky Public Service Commission
730 Schenkel Lane
P. O. Box 615
Frankfort, Kentucky 40602

Telephone: 502/564-3940

c. One copy of the completed application should also be sent at the same time to:

Public Service Litigation Branch
Office of the Attorney General
Post Office Box 2000
Frankfort, Kentucky 40602-2000

- 2) A copy of the customer notice must be filed with this application. Proper notice must comply with Section 4 of this regulation.
- 3) Copies of this form and the regulation may be obtained from the Commission's Office of Executive Director; or by calling 502/564-3940.
- 4) I have read and completed this application, and to the best of my knowledge all the information contained in this application is true and correct.

Signed

Walter J. ...

Officer of the Company

Title

Chairman Cawood Water District

Date

9-2-99

ATTACHMENT A
 CAWOOD WATER DISTRICT
 ADJUSTED PRO FORMA OPERATING INCOME STATEMENT

	Test Year 31-Dec-98	Adjustments	Ref.	Pro forma Present Rates	Adjustments	Pro forma Proposed Rates
Operating Revenue						
Sales of Water	265,146	2,607	A	267,753	30,191	297,944
Other Water Revenue	10,303			10,303		10,303
Total Operating Revenue	275,449	2,607		278,056	30,191	308,247
Operating Expenses						
Operation and Maintenance Expenses						
Salaries and Wages	90,779	5,152	B	95,931		95,931
Employee Pensions and Benefits	23,784	8,376	C	32,160		32,160
Purchased Power	16,495			16,495		16,495
Chemicals	13,862			13,862		13,862
Materials and Supplies	20,329	(12,254)	D	8,075		8,075
Contractual Services	12,401			12,401		12,401
Transportation Expense	4,152			4,152		4,152
Insurance	10,224			10,224		10,224
Regulatory Commission Expense	226			226		226
Miscellaneous Expense	7,742			7,742		7,742
Total Operation and Maintenance Expenses	199,994	1,274		201,268	-	201,268
Depreciation Expense	102,138	690	E	102,828		102,828
Taxes Other Than Income Taxes	8,365	394	F	8,759		8,759
Total Operating Expenses	310,497	2,358		312,855	-	312,855
Net Operating Income	(35,048)	249		(34,799)	30,191	(4,608)
Plus: Interest Income	3,975			3,975		3,975
Income Available to Service Debt	(31,073)	249		(30,824)	30,191	(633)

Debt Service Requirement, Based on a Five Year Average

Year	Principal	Interest	Total
1999	13,400	73,119	86,519
2000	13,800	72,320	86,120
2001	14,200	71,493	85,693
2002	14,400	70,640	85,040
2003	16,000	69,773	85,773
Total			429,145
Divide by: Five years			5
Annual Average			85,829
Times: Debt Service Coverage			120%
Debt Requirement			102,995

A

To adjust test year sales of water to the results of the billing analysis using present rates.

Billing analysis	267,753
Less: Test year	(265,146)
Adjustment	<u>2,607</u>

B

To adjust test year salaries and wages to the current levels.

Office Manager (\$183.75/wk, no OT)	9,555
Office Administrator (\$5.68/hr for 1,300 hrs, no OT)	7,384
Field Manager (\$496.13/wk, no OT)	25,799
Field Assistant (\$100/wk, no OT)	5,200
Field Assistant (\$7.62/hr for 2,080 hrs, 1.5 OT for 163 hrs)	17,713
Field Assistant (\$7.62/hr for 2,080 hrs, 1.5 OT for 160 hrs)	17,678
Field Assistant (\$6.62/hr for 2,080 hrs, 1.5 OT for 109 hrs)	14,852
4 Commissioners paid \$50 per month	<u>2,400</u>
Pro forma salaries and wages	100,581
Less: Test year	(90,779)
Adjustment	<u>9,802</u>

To capitalize salaries and wages paid for new services. The adjustment was calculated by applying labor cost for a tap installation as taken from Cawood's tap fee cost justification sheet and applying it to the number of taps installed during the test year, 62.

Average labor costs	75
Number of taps installed during test year	62
Adjustment	<u>(4,650)</u>
Total Salaries and Wages Adjustment	<u>5,152</u>

C

To adjust test year expenses to reflect current health insurance premiums. There are two family policies that are paid in lieu of additional wages.

2 monthly family policies at \$832.80 each	1,666
3 monthly single policies at \$269.77 each	<u>809</u>
Total monthly premium	2,475
Annualize	<u>12</u>
Pro forma	29,699
Less: Test year	<u>(21,323)</u>
Adjustment	<u>8,376</u>

D

To capitalize materials and supplies used for new services. The adjustment was calculated by applying the supply cost for a tap installation as taken from Cawood's tap fee cost justification sheet and applying it to the number of taps installed during the test year, 62.

Material cost per tap	198
Number of taps installed during test year	62
Adjustment	<u><u>(12,254)</u></u>

E

To adjust depreciation expense to include recovery of the tap on costs previously capitalized.

Salaries and wages for tap ons	4,650
FICA taxes on salaries and wages	356
Materials for tap ons	<u>12,254</u>
Total	17,259
Divide by: 25 years	25
Adjustment	<u><u>690</u></u>

F

To adjust FICA taxes for the salaries and wages adjustment.

The portion of the salary adjustment for current pay levels	9,802
Times: FICA rate	<u>7.65%</u>
Sub-total	750
Less: FICA capitalized	<u>(356)</u>
Adjustment	<u><u>394</u></u>

Cost of Service

Allocation of Plant Value	Sheet 1
Allocation of Depreciation	Sheet 2
Allocation of O/M Expenses	Sheet 3
Allocations of Cost of Service	Sheet 4 - 5
Verification of Rates	Sheet 6
Proposed Rates	Sheet 7
Comparison of Rates	Sheet 8

ALLOCATION OF PLANT VALUE

Cawood Water District

	Total	Commodity	Demand	Customer
Land & Land Rights	\$28,750		\$28,750	
Water Treatment Equipment	1,165,276		1,165,276	
Transmission & Distribution				
Mains	3,706,795		3,706,795	
Meters & Meter Installation	350,383			350,383
Subtotal	\$5,251,204	\$0	\$4,900,821	\$350,383
Allocation Percentages	100%		93%	7%
Office Furniture & Equipment	\$15,258	\$0	\$14,190	\$1,068
Transportation Equipment	35,033		32,581	2,452
Power Operated Equipment	64,836		60,297	4,539
Total	\$5,366,331	\$0	\$5,007,889	\$358,442
Percentages	100%		93%	7%

ALLOCATION OF OPERATION AND MAINTENANCE EXPENSES

Cawood Water District

	Total	Commodity	Demand	Customer
Salaries and Wages	\$76,592		\$53,614	\$22,978
Billing Collecting/Salaries	7,384			7,384
Pensions and Benefits	32,160		22,512	9,648
Purchased Power	16,495	16,495		
Chemicals	13,862	13,862		
Materials and Supplies	8,075		8,075	
Subtotal	\$154,568	\$30,357	\$84,201	\$40,010
Less Commodity	(30,357)			
Total	\$124,211		\$84,201	\$40,010
Allocation Percentages	100.00%		67.79%	32.21%
Administrative & General				
Salaries	9,555		6,477	3,078
Commissioner Salaries	2,400		1,627	773
Contractual Services	12,401		8,407	3,994
Transportation Expense	4,152		2,815	1,337
Insurance	10,224		6,931	3,293
Reg Com Expense	226		153	73
Miscellaneous	7,742		5,248	2,494
Subtotal	\$201,268	\$30,357	\$115,859	\$55,052
Taxes other than Income	\$8,759		\$5,938	\$2,821
Less:				
Interest Income	(3,975)			(3,975)
Other Income	(10,303)			(10,303)
Operating Expenses	\$195,749	\$30,357	\$121,797	\$43,595
Debt Service Coverage(2)				
	\$102,195		\$95,041	\$7,154
Revenue Required from Rates	\$297,944	\$30,357	\$216,838	\$50,749

(1) Allocated based on 75% demand 25% customer.

(2) Debt Service based on plant value percentages.

CALCULATION OF WATER RATES

Cawood Water District

	Total	First 2,000	Next 8,000	Over 10,000
Actual Water Sales:				
Thousand Gallons	43,722,951	17,072,996	21,134,131	5,515,824
	100.01%	39.05%	48.34%	12.62%
Weighted Sales for Demand:				
Thousand Gallons	67,094,764	29,877,743	31,701,197	5,515,824
Percent	100.00%	44.53%	47.25%	8.22%
Allocation of Volumetric Costs:				
Commodity	\$30,357	\$11,854	\$14,675	\$3,831
Demand	216,838	96,558	102,456	17,824
Customer	50,749	50,749		
Total	\$297,944	\$159,161	\$117,131	\$21,655
Number of Bills		9,674		
Proposed Rates		\$16.45	\$5.54	\$3.93

Cawood Water District Proposed Rates

Monthly Water Rates

First	2,000 gallons	\$16.45	Minimum bill
Next	8,000 gallons	5.54	per 1,000 gallons
Over	10,000 gallons	3.94	per 1,000 gallons

For Cawood
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Cawood Water District
(Name of Utility)

CANCELING P.S.C. KY. NO. _____

_____ SHEET NO. _____

CLASSIFICATION OF SERVICE

RATE
PER UNIT

Metered Charges

A. Minimum Water Rate. The minimum water bill shall be \$16.45 per month, and each customer shall be entitled to 2,000 gallons (or less) of water in each month for such minimum charge.

B. Metered Rates for Water Usage in Addition to Minimum Charge. Subject to the minimum monthly rate specified above, the following metered charges shall be made for each 1,000 gallons of water consumption per month to customers of all size connections:

Monthly Water Rates

First 2,000 gallons	\$16.45 Minimum Bill	(l)
Next 8,000 gallons	5.54 per 1,000 gallons	(l)
Over 10,000 gallons	3.94 per 1,000 gallons	(l)

DATE OF ISSUE _____
Month Date Year

DATE EFFECTIVE _____
Month Date Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

Issued by authority of an Order of the public Service Commission of Kentucky in Case No. _____ dated _____.